

CASE 1562: (con't)

special rules and regulations be promulgated to govern the above-described project, which would include among other things conversion of additional injection wells without notice and hearing, transfer of allowables from injection wells, transfer of allowables from wells shut-in for observation purposes or to increase the efficiency of the project, exemption of all leases connected with the project from gas-oil ratio limitation provided gas produced therefrom is reinjected, and such other rules and regulations the Commission may deem appropriate.

CASE 1563:

Application of Caulkins Oil Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Breech "A" Well No. D-204, located in the SE/4 SE/4 of Section 9, Township 26 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of oil from the South Blanco-Tocito Oil Pool and the production of gas from the South Blanco-Dakota Gas Pool through parallel strings of tubing.

CASE 1564:

Application of Great Western Drilling Company for approval of a unit agreement and a pilot water flood project. Applicant, in the above-styled cause, seeks an order approving its proposed North Central Caprock Queen Unit Agreement embracing 2,040 acres, more or less, of state and federal lands in Sections 13, 14, 15, and 24, of Township 13 South, Range 31 East, and Sections 17, 18, and 19, of Township 13 South, Range 32 East, Caprock-Queen Pool, Chaves and Lea Counties, New Mexico, and for authority to institute a pilot water flood project in the Queen formation underlying said unit area.

CASE 1565:

Application of Continental Oil Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Warren Unit Well No. 9 located in the SW/4 NW/4 of Section 27, Township 20 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Warren-Tubb Gas Pool and oil from the Warren-Drinkard Oil Pool through parallel strings of tubing.

CASE 1566:

Application of Pan American Petroleum Corporation for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its East Saunders Unit Agreement embracing approximately 2,320 acres of state acreage in Township 14 South, Range 34 East, Lea County, New Mexico.

CASE 1567:

Application of Olsen Oils, Inc., for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the N/2 NW/4, SW/4 NW/4 and the NW/4 SW/4 of Section 25, Township 22 South, Range 37 East, Lea County, New Mexico; or in the alternative for a compulsory pooling order pooling all interests within the vertical limits of the Tubb Gas Pool in the NW/4 of said Section 25 as one Tubb Gas Unit and a like order pooling all interests within the vertical limits of the Tubb Gas Pool in the SW/4 of said Section 25 as another Tubb Gas Unit.

DOCKET: EXAMINER HEARING DECEMBER 10, 1958OIL CONSERVATION COMMISSION 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following cases will be heard before Daniel S. Nutter, Examiner:

- CASE 1558: Application of Sunray Mid-Continent Oil Company for permission to commingle the production from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Blinebry Oil Pool and Drinkard Pool on its State Land "15" Lease comprising the S/2 S/2 of Section 16, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to meter the production from the Blinebry Oil Pool prior to being commingled and to determine Drinkard Pool production by subtracting the metered volume on the total gauged production in the common tank battery.
- CASE 1559: Application of Sunray Mid-Continent Oil Company for an order authorizing a secondary recovery project in San Juan County, New Mexico, and for the promulgation of special rules and regulations in connection with said project. Applicant, in the above-styled cause, seeks an order authorizing it to institute a secondary recovery project in the Bisti-Lower Gallup Oil Pool for the injection of dry gas into the Gallup formation through its Federal "C" Well No. 18, located in the SW/4 NE/4 of Section 7, Township 25 North, Range 12 West, San Juan County, New Mexico. Applicant further proposes that special rules and regulations be promulgated to govern the operation of the above-referenced project, which rules would provide among other things for the conversion of additional injection wells without notice and hearing, the transfer of allowables from injection wells to producing wells, transfer of allowables from wells which have been shut-in for observation or to increase the efficiency of the project, exemption of all leases connected with the project from gas-oil ratio limitation provided gas produced therefrom is reinjected, and such other rules and regulations the Commission may deem appropriate.
- CASE 1560: Application of El Paso Natural Gas Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its Huerfano Unit Well No. 92 (DG) located in the SW/4 NW/4 of Section 7, Township 26 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from an undesignated Gallup gas pool and gas from an undesignated Dakota gas pool.
- CASE 1561: Application of Tidewater Oil Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its A. B. Coates "C" Well No. 17, located in the SE/4 NE/4 of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Justis-McKee Pool and oil from the Justis-Ellenburger Pool through parallel strings of tubing.
- CASE 1562: Application of British American Oil Producing Company for permission to institute a secondary recovery project in San Juan County, New Mexico, and for the promulgation of special rules and regulations in connection therewith. Applicant, in the above-styled cause, seeks an order authorizing it to institute a secondary recovery project in the Bisti-Lower Gallup Oil Pool for the injection of dry gas and/or liquefied petroleum gas into the Gallup formation through four wells located in Sections 27 and 28, Township 26 North, Range 13 West, San Juan County, New Mexico. Applicant further proposes that

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# PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

FORT WORTH, TEXAS

ALEX CLARKE, JR.  
DIVISION ENGINEER

November 19, 1958

File: GWK-5942-986.510.1

Subject: Request for Hearing to  
Obtain Approval of the  
East Saunders Unit  
Agreement Embracing  
2320 Acres of Land on  
Township 14 South,  
Range 34 East NMPM,  
Lea County, New Mexico.

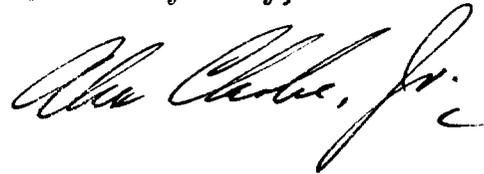
New Mexico Oil Conservation Commission  
Santa Fe  
New Mexico

Gentlemen:

Transmitted herewith is a copy of Pan American's applica-  
tion for a hearing to obtain approval of the Unit Agreement  
for development and operation of its East Saunders Unit Area  
containing approximately 2320 acres in Lea County, New Mexico.

It is requested, if possible, that this matter be set for the  
December 10, 1958, Examiner Hearing.

Yours very truly,



REM:rk

Attachment

CC - Messrs. D. B. Mason, Jr.  
W. A. Blankenship, Jr.  
J. W. Brown  
C. G. Condra

*Handwritten:*  
Packet  
mailed 11-26-58/18

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
PAN AMERICAN PETROLEUM CORPORATION  
FOR THE APPROVAL OF THE EAST SAUNDERS  
UNIT AGREEMENT EMBRACING 2320 ACRES  
OF LAND IN TOWNSHIP 14 SOUTH, RANGE  
34 EAST NMPM, LEA COUNTY, NEW MEXICO.

CASE NO. 1566

A P P L I C A T I O N

An application is hereby made by Pan American Petroleum Corporation for approval by the Oil Conservation Commission of a unit agreement entitled "Unit Agreement for the Development and Operation of the East Saunders Unit Area, Lea County, New Mexico," the said agreement having been entered into between the applicant herein as the Unit Operator and working interest owners and royalty owners as have, or may hereafter, subscribe to or consent to the agreement.

The East Saunders Unit Area embraces the following described lands located in Lea County, New Mexico, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

<u>T-14-S, R-34-E</u>	<u>Acres</u>
Sec. 12 - all	640.00
Sec. 13 - all	640.00
Sec. 14 - E/2 SE/4	80.00
Sec. 23 - E/2	320.00
Sec. 24 - all	640.00

Total unit area embraces 2,320 acres, more or less.

At the hearing hereinafter requested, the requisite number of signed copies of the Unit Agreement will be submitted for approval. A complete and signed copy of the Unit Agreement will be filed in the office of the Commissioner of Public Lands of the State of New Mexico.

An unsigned copy of the Unit Agreement is being furnished by attachment to this application. The form of Unit Agreement has previously been considered and approved by the Commissioner of Public Lands. Geological evidence concerning the structure affected by this unitization has heretofore been submitted to the Commissioner of Public Lands and will be submitted at the hearing hereinafter requested.

With reference to the lands embraced in this unit there is attached to the unsigned copy of the Unit Agreement, attached hereto, a map of the unit area

on which is shown the ownership of the various lands embraced in the said unit, said map being marked Exhibit "A". There is likewise attached to the said proposed agreement a schedule entitled Exhibit "B" on which is shown the ownership of the oil and gas interests and all lands embraced in the said unit. The applicant is continuing efforts to obtain commitments to the Unit Agreement from those owners of interests who have not yet joined and a full showing of the commitments will be made at the time of the hearing hereinafter requested.

Within sixty (60) days after the Unit Agreement becomes effective the Unit Operator is obligated to commence operations on an adequate test well. Should commercial production be discovered, the unitized operation will assure an orderly development program based on structural position and will enable productive operations to be conducted in accordance with the best overall reservoir practices. Development and operation will be conducted in accordance with the plans having approval of state authorities. It is submitted that the State of New Mexico, as the owner of the royalty in each lease included in the unit area, will receive its fair share of the recoverable oil and gas in place under the lands in the proposed unit area, that each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area, and that the Unit Agreement is in all respects for the best interest of the State of New Mexico and tends to eliminate waste and to promote conservation of oil and gas.

The Unit Agreement makes express provision that additional parties may join and subject their interest to the said agreement after its final approval.

The Commission is respectfully requested to set this matter and application down for hearing at the earliest possible date and following said hearing to give its approval to the Unit Agreement.

Respectfully submitted, this 19<sup>th</sup> day of November, 1958.

PAN AMERICAN PETROLEUM CORPORATION

By   
Its Attorney-in-Fact